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United States
Department of
Agriculture

Rural
Electrification
Administration

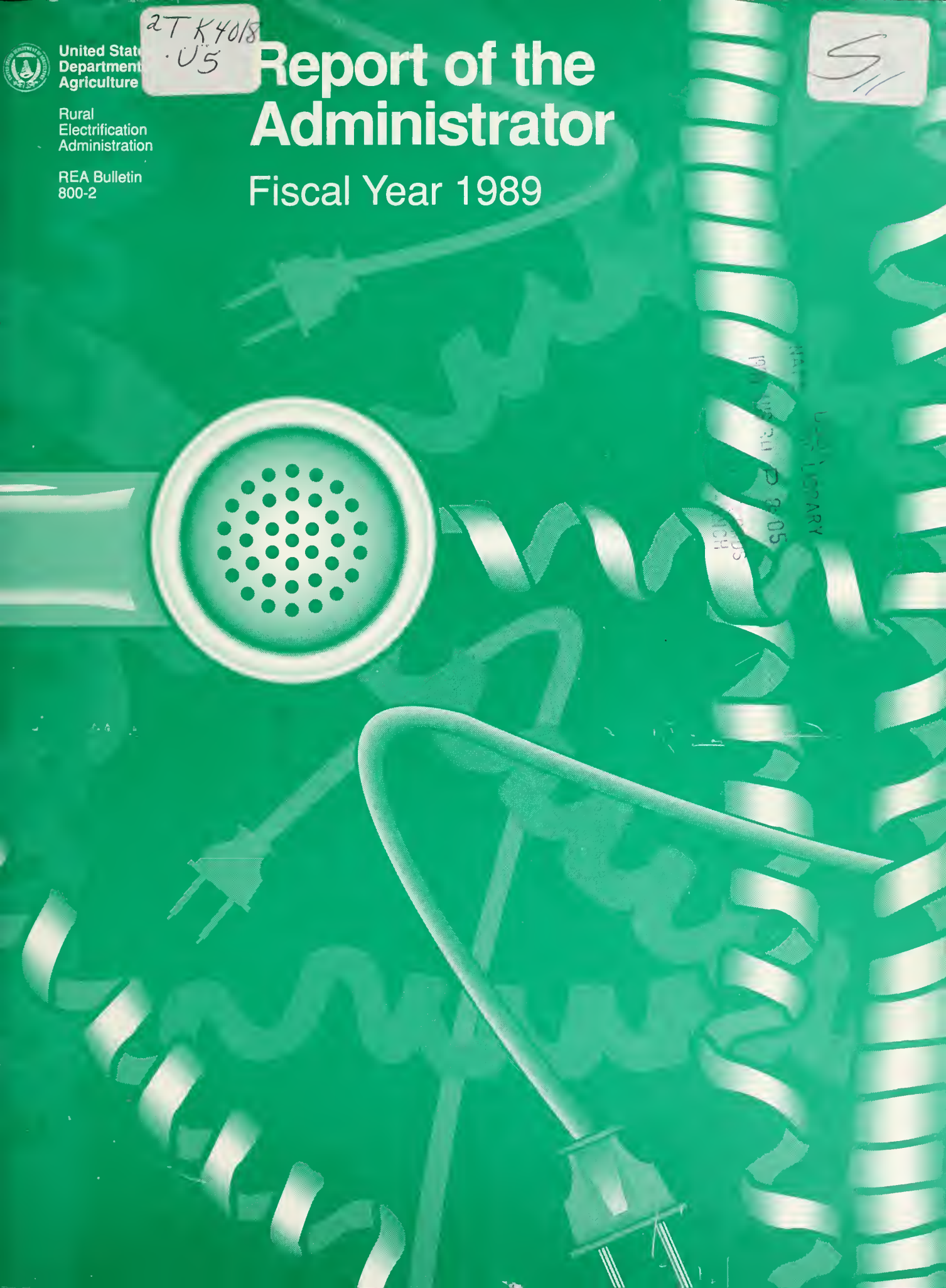
REA Bulletin
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Report of the Administrator

Fiscal Year 1989

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Honorable Clayton Yeutter
Secretary of Agriculture
Department of Agriculture
Washington, D.C. 20250

Dear Mr. Secretary:

This report describes the activities of the Rural Electrification Administration for fiscal year 1989. It is respectfully submitted in compliance with section 10 of the Rural Electrification Act of 1936 as amended.

Sincerely,

A handwritten signature in black ink, appearing to read "G. C. Byrne". The signature is fluid and cursive, with the first name "G." and last name "Byrne" clearly distinguishable.

GARY C. BYRNE
Administrator

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Highlights

The Rural Electrification Administration (REA) approved 237 electric and telephone insured loans totaling \$836 million in fiscal year 1989. Also, three loans totaling \$39.5 million, funded by the Federal Financing Bank (FFB), were made to power supply borrowers during the fiscal year.

In addition, the Rural Telephone Bank (RTB), a U.S. Government agency administered by REA, approved 28 loans totaling \$177 million.

Under a new program authorized by Congress, REA approved \$1.87 million in rural development loans during fiscal year 1989. A total of 24 borrowers received 10-year interest-free loans, which varied from \$16,200 to \$100,000.

The program, established by the Omnibus Budget Reconciliation Act (OBRA) of 1987, seeks to promote economic development and creation of jobs in rural areas. Approved rural development projects included funds for incubators, or start-up facilities, to attract new businesses and funds for manufacturing plants, industrial operations buildings, a sewer treatment plant, and an educational television station.

Several new and revised telephone regulations for materials, equipment, and construction—more than 2 years in preparation—were issued during the fiscal year. They consolidate and update telephone policies and procedures dating back to about 1960.

The new rules should help borrowers save time and expense in preparing construction requirements, resulting in lower costs. Agency time to review loan applications should be reduced by 10-20 percent.

Early Payoff of FFB-Funded Loan

During fiscal year 1989, Glacier Highway Electric Association, Inc., Auke Bay, Alaska, prepaid its long-term, high-interest FFB-funded loan of \$2,400,000, without premium, under section 311 of the Rural Electrification Act (RE Act) which applies only to Alaska.

Two Refunds Made by RTB

The bylaws of the RTB were amended March 30, 1989, to incorporate changes to the RE Act contained in Public Law 100-203.

One amendment specified that all patronage capital assignable will be transferred to a reserve for losses due to interest rate fluctuations, and any amount in excess of \$10 million will be distributed to borrowers. Distribution will be made on a first in, first out (FIFO) basis.

During the year, two patronage refunds were made: \$26,810,699 of fiscal year 1988 patronage capital and \$98,267,901 of previously undistributed patronage capital from fiscal years 1973 through 1988. In addition, a patronage refund of \$40,842,224 was made following the end of fiscal year 1989. It consisted of \$10 million of previously distributed fiscal year 1988 patronage capital and \$30,842,224 of fiscal year 1989 patronage capital.

The REA Electric Loan Program

Background

The REA Electric Program makes insured and FFB-funded loans to nonprofit and cooperative associations, public bodies, and other utilities. Insured loans primarily finance construction and transmission facilities for distribution borrowers to provide retail electric service in rural areas. FFB-funded loans primarily finance generation and bulk transmission facilities for power supply borrowers.

Objectives

During fiscal year 1989, REA continued to assist borrowers in maintaining electric service at reasonable rates in rural areas and in building their financial strength.

Financial Gains

An improving financial standing of electric distribution borrowers reflects a pattern of change that began earlier in this decade. Trends show that borrowers have improved their financial standing with respect to asset equity, times interest earned ratio (TIER), operating revenue, margins (net income), and general funds as a percentage of total plant. Overall, the dollar value of distribution borrowers' plant is increasing.

A similar pattern of improvement is shown for increased equity as a percentage of total assets for distribution borrowers. It indicates that the program is strong and augurs well for the future.

Median Equity: REA Distribution Borrowers

Year	Percent
1984	34.89%
1985	35.80
1986	36.89
1987	37.80
1988	38.38

Distribution borrowers had a composite net worth of \$8.5 billion or 38.2 percent of assets as of December 31, 1988, compared with \$3 billion or 30.9 percent of assets in 1978.

While the composite TIER ratio for distribution borrowers has varied slightly in the last 5 years, it continues to reflect sufficient resources to pay for debt service costs while increasing the borrower's equity position.

Composite TIER: REA Distribution Borrowers

Year	Ratio
1984	2.69
1985	2.44
1986	2.36
1987	2.37
1988	2.48

Operating revenues have grown steadily since 1984. In 1987, 29 borrowers repaid their REA indebtedness and are excluded from 1987-88 totals.

Total Operating Revenue: REA Distribution Borrowers

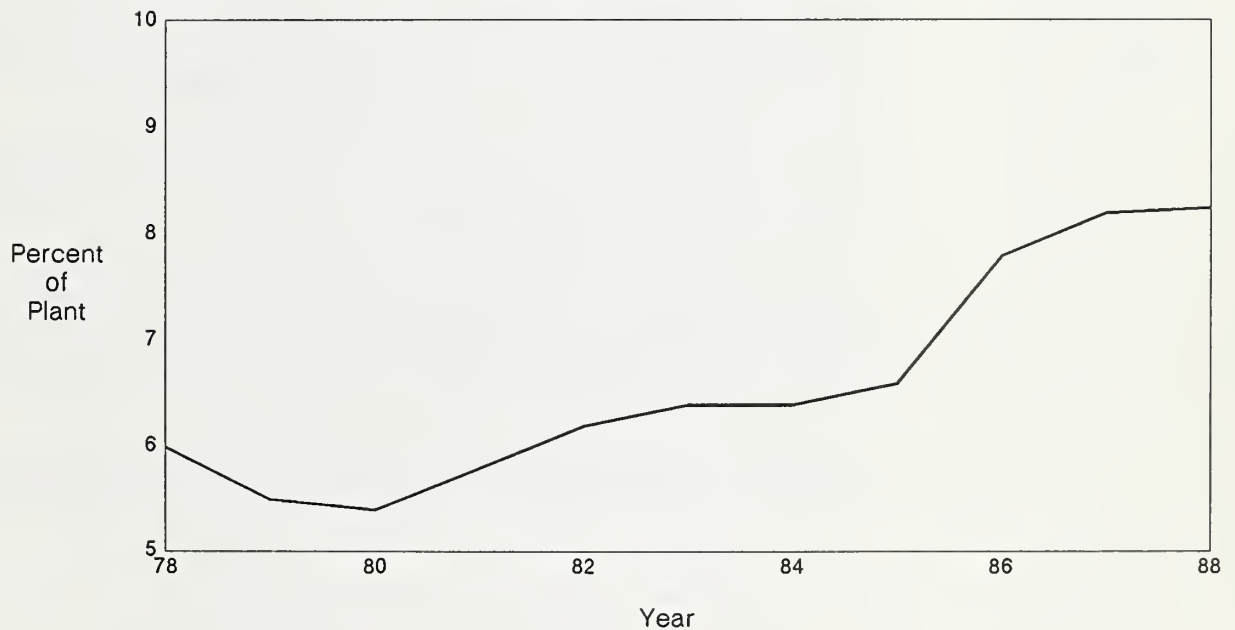
Year	Amount
1984	\$10.8 billion
1985	\$11.4 billion
1986	\$11.8 billion
1987	\$11.7 billion
1988	\$12.3 billion

Borrower margins continued to remain strong during fiscal year 1988, increasing by almost 6.2 percent.

Composite Margins (Net Income): REA Distribution Borrowers

Year	Amount
1984	\$884.0 million
1985	\$819.4 million
1986	\$830.9 million
1987	\$805.9 million
1988	\$855.8 million

Figure 1. General Funds as Percentage of Total Plant:
REA Distribution Borrowers



Characteristics of Distribution Systems

At the end of 1988, the percentage of kilowatt-hours (kWh) sold, revenue, and type of consumer reported by distribution systems was as follows:

Type of Consumer	Consumers	kWh Sold	Revenue
Residential, Farm and Non-Farm	90.5%	60.7%	65.2%
Commercial and Industrial, Small	7.9	18.3	19.1
Commercial and Industrial, Large	0.1	16.0	11.7
Other	1.5	5.0	4.0
Total	100.0%	100.0%	100.0%

Loans

During fiscal year 1989, 176 REA insured loans totaling \$622 million and three FFB-funded loans totaling \$39.5 million were approved. These loans are summarized by States (see pages 5-6). Insured loans amounted to \$607.8 million for distribution borrowers and \$14.2 million for power supply borrowers.

In addition, 40 insured loans totaling \$50.5 million and 17 FFB-funded loans totaling \$657.9 million were rescinded.

As of September 30, 1989, REA had provided financing to 1,101 borrowers in 46 States and Puerto Rico. A total of 949 borrowers had loans outstanding at the close of fiscal year 1989. They were providing service to more than 11.8 million customers over more than 2.5 million miles of line and employing more than 50,650 full-time workers.

Among the active borrowers, 888 were engaged primarily in operating distribution systems while 61 were operating generation and transmission systems. In calendar year 1988, all borrowers, including those who repaid their loans in full during the year, added 169,871 consumers and 7,970 miles of line.

Help to Troubled Borrowers

At the beginning of fiscal year 1989, REA had eight financially troubled electric borrowers who had received more than \$5 billion in REA financing. In 1987, REA established a workout team to assist in finding solutions which would be in the best interest of the Government and borrowers in financial difficulty.

During fiscal year 1989, a debt restructure was completed for a generation and transmission borrower. It provides a strong potential for full recovery of more than \$400 million owed the Federal Government.

The workout team considers options and makes recommendations to the Administrator on such items as debt restructuring, foreclosure, possible bankruptcy, electric rate increases, co-op consolidations, and partial sale of rural electric systems. It works with creditors, State officials, borrowers, and other Government agencies to resolve financial problems.

In addition, the team makes feasibility and rate comparability studies, load growth analyses, and regional economic assessments which assist troubled borrowers.

REA Insured Electric Loans**Fiscal Year 1989**

State	Number	Amount
Alabama	4	\$ 10,842,000
Arizona	3	18,327,000
Arkansas	5	41,925,000
Colorado	3	14,326,000
Florida	5	38,719,000
Georgia	16	88,008,000
Illinois	3	6,797,000
Indiana	3	3,163,000
Iowa	3	3,331,000
Kansas	4	4,530,000
Kentucky	9	31,301,000
Louisiana	1	1,610,000
Maine	3	878,000
Maryland	1	16,806,000
Michigan	6	26,889,000
Minnesota	8	28,770,000
Mississippi	4	13,342,000
Missouri	12	24,961,000
Montana	3	5,870,000
Nebraska	2	1,800,000
Nevada	1	5,393,000
New Mexico	2	7,787,000
North Carolina	12	51,713,000
North Dakota	5	13,384,000
Ohio	7	8,918,000
Oklahoma	4	7,924,000
Oregon	4	4,878,000
Pennsylvania	5	12,653,000
South Carolina	7	32,243,000
South Dakota	7	8,621,000
Tennessee	2	5,681,000
Texas	11	43,516,000
Virginia	3	22,960,000
Washington	1	2,725,000
Wisconsin	7	11,459,000
Totals	<u>176</u>	<u>\$622,050,000</u>

REA Electric Loans Funded by FFB**Fiscal Year 1989**

State	Number	Amount
Michigan	1	\$ 6,651,000
Missouri	1	2,457,000
Wisconsin	1	30,394,000
Totals	3	\$ 39,502,000

Of 3 FFB-funded loan commitments made during fiscal year 1989, one included funds for a generation project:

Borrower	Project	Amount	State
Dairyland	Alma, Cassville, Genoa and Madgett stations*	\$ 30,394,000	Wisconsin

*For capital additions and improvements at those plants.

During fiscal year 1989, one power plant, in which an REA generation and transmission borrower had an ownership interest, was placed in commercial service:

Borrower	Project	MW	Fuel	State
Oglethorpe	Vogtle 2	345*	Nuclear	Georgia

*Borrower's share of plant's output.

Electric Loan Fund Advances to Borrowers

Fiscal Year 1989	
Insured	\$ 713,021,567
FFB-funded	225,347,000
Estimated new consumers	235,309
Estimated new miles energized	15,867
New MW generating capacity financed	0

Cumulative Payments from Borrowers: Insured and FFB-Funded Electric Loans

Fiscal Year 1989	
Principal	\$7,457,176,502
Interest	6,469,022,336
Ahead of schedule.....	28,963,073
Overdue more than 30 days	596,112,153
Interest and principal lost on two foreclosures (cumulative)	44,478

Average Monthly kWh Consumption: REA Distribution Borrowers

STATE	Residential Consumers 1988	Total Consumers* 1988
Alabama	980	1312
Alaska	718	1925
Arizona	554	1774
Arkansas	870	1259
California	754	1295
Colorado	786	1546
Delaware	840	933
Florida	886	1092
Georgia	973	1257
Idaho	964	2129
Illinois	937	1252
Indiana	1038	1306
Iowa	1220	1465
Kansas	762	1475
Kentucky	1009	2439
Louisiana	990	1243
Maine	404	623
Maryland	1080	1555
Michigan	562	722
Minnesota	946	1218
Mississippi	983	1472
Missouri	918	1252
Montana	984	1425
Nebraska	1139	1667
Nevada	982	2900
New Hampshire	595	787
New Jersey	759	888
New Mexico	465	1527
New York	830	894
North Carolina	932	1135
North Dakota	1245	2292
Ohio	1035	1406
Oklahoma	919	1289
Oregon	1145	2004
Pennsylvania	695	808
South Carolina	1052	1273
South Dakota	1105	1451
Tennessee	1190	1726
Texas	886	1226
Utah	863	4860
Vermont	649	743
Virginia	1010	1506
Washington	1374	2879
West Virginia	610	651
Wisconsin	941	1086
Wyoming	900	3146
U.S. Average	951	1419

*Includes residential and industry users.

Mergers

REA continues to encourage borrowers to investigate the possible benefits of merging with neighboring systems. Three mergers were completed during the fiscal year, two by distribution borrowers in Iowa and Kansas and one between power supply borrowers in Illinois.

In Iowa, Cherokee County Rural Electric Cooperative, Cherokee, was merged into Iowa Lakes Electric Cooperative, Estherville.

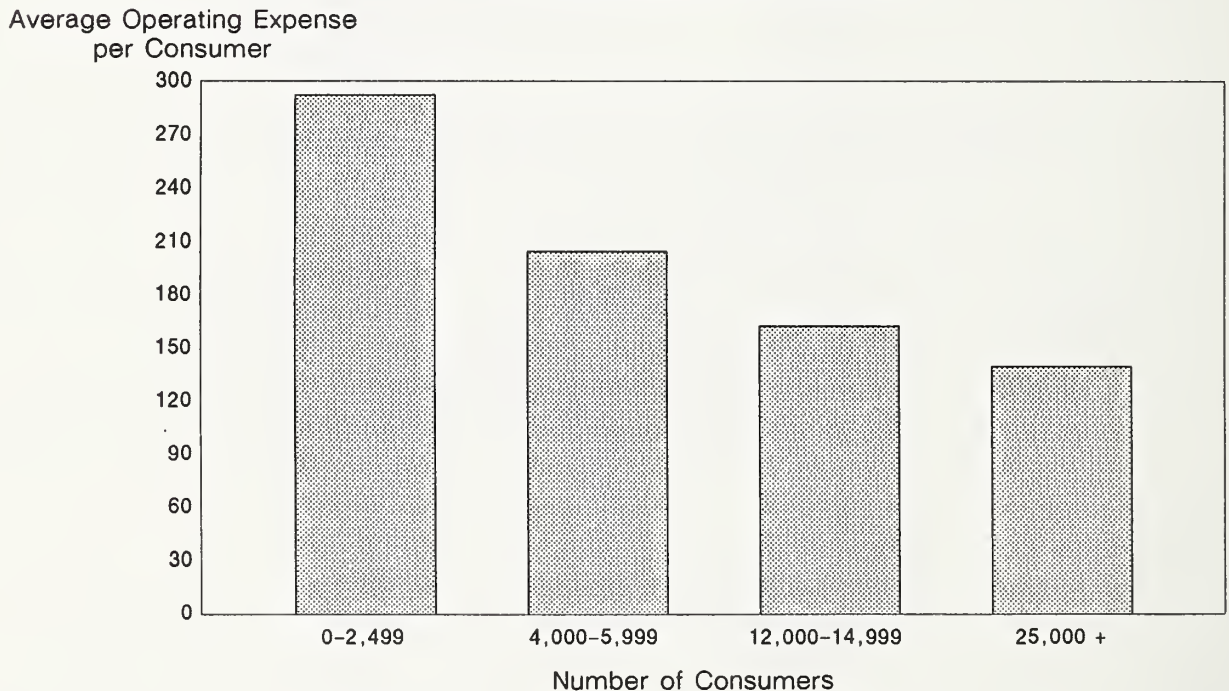
In Kansas, Lyon County Electric Co-operative, Inc., Emporia, and Coffey County Rural Electric Cooperative Association, Inc., Burlington, merged to form Lyon-Coffey Electric Cooperative, Inc., Burlington.

In Illinois, Western Illinois Power Cooperative, Inc., Jacksonville, was merged into Soyland Power Cooperative, Inc., Decatur.

The agency has developed a merger model which permits borrowers to estimate the financial effect of consolidation with other electric systems. During fiscal year 1989, 42 merger analyses were prepared for interested borrowers.

As an example of savings which can be realized through larger, more efficient operations: the average operating expense per consumer, for distribution systems with 25,000 or more consumers, is less than half the cost paid by the smallest systems.

Figure 2. **Average Operating Expense Per Consumer by System Size of Distribution Borrowers**



Power Supply

Fiscal year 1989, like the previous one, continued to be a period of reassessment of future power supply needs by most borrowers. While a few areas around the country are experiencing load growth, most rural electric power supply systems have significant amounts of surplus capacity. As a result, only a small number of generating plants are expected to be built in the next few years. Other factors which are keeping borrowers from planning new generation facilities include: load growth uncertainty, high construction costs, uncertain fuel costs, and lead-time requirements for large power stations.

A trend appears to be developing whereby independent power producers (nonutility electric wholesale generators) are willing to construct, own, and operate electric power production facilities under contractual arrangements. REA encourages rural electric cooperatives anticipating future load growth to consider such suppliers. However, there are questions of reliability and transmission capability to be resolved.

Renewable Energy

A number of rural electric cooperatives have expressed interest in renewable energy resources. However, no loan applications for this purpose were pending at the end of fiscal year 1989.

Engineering and Environment

REA was involved in the following technical and engineering activities during fiscal year 1989:

- Developing data to support power plant guarantees.
- Reviewing major project designs.
- Evaluating project schedules and overruns.
- Maintaining the list of materials acceptable for REA financing.
- Updating technical standards.
- Participating in national code and standards activities.
- Codifying REA regulations.

To encourage involvement of Federal and State agencies and the general public in the environmental review of projects proposed for REA financial assistance, REA convenes inter-agency meetings, conducts site inspections, and holds public meetings. During fiscal year 1989, REA held seven inter-agency and nine public meetings and conducted eight site inspections. REA continued to develop and review strategies to streamline its environmental review process.

REA completed environmental review and approval of one generation and two high voltage electric transmission projects. They involved 75 megawatts (MW) of combustion turbine capacity and 10 miles of line.

In addition, three other proposals were under environmental review. They involved a total of 1900 MW of coal, diesel and gas turbine/combined cycle generating capacity and 210 miles of high voltage line. Also, REA participated in the environmental review of several projects for which other Federal agencies had primary responsibility for ensuring environmental compliance.

Approximately 870 environmental submissions from borrowers were reviewed. Financial assistance or other approval was not granted unless the environmental consequences were acceptable. In several cases, line rerouting and other mitigating actions were required to be incorporated in the projects.

Energy Utilization

Load management involves altering the pattern of electricity use to make the most economical use of generation, transmission and distribution systems. Effective load management can shift fuel dependency from oil to coal, lower reserve requirements on generation and transmission capacity, and conserve capital needed for new production and distribution plants. REA encourages borrowers to develop load management programs, including consumer education efforts. Some borrowers are developing marketing programs to increase off-peak sales.

Management Assistance

REA continued to help borrowers develop better management practices. Assistance is provided in the form of technical advice on financial planning, including loan applications, board management relations, and operating practices which might endanger REA's loan security.

More than 98 percent of all distribution borrowers use computer-assisted financial forecasting through various data processing centers and computers.

REA field staff conducted special management assistance studies for several borrowers experiencing operational and management problems.

Load Forecasting

REA encourages the use of computers in forecasting and as a way to facilitate communication with borrowers. In fiscal year 1989, REA continued to work with its borrowers to improve methods for long-range forecasting of energy needs in rural areas. In addition, the agency compiled a list of data sources, including econometric factors, which was provided to borrowers. REA is encouraging the development of electric load forecasting models to project future needs.

Construction Quality

In fiscal year 1989, REA replaced REA Form 805, "Electric Transmission Specifications and Drawings." with REA Bulletin 50-1, "Electric Transmission Specifications and Drawings, 115 kV Through 230 kV" and REA Bulletin 50-2, "Electric Transmission Specifications and Drawings 34.5 kV Through 69 kV."

The revision of electric transmission specifications and drawings provides clear construction details, application information, new structures and guy wire assemblies, strength data for different pole-top configurations, and expanded specifications to reflect state-of-the-art practices. With the use of larger conductor sizes, the changes should help engineers and contractors in design and construction areas.

REA has proposed a revision to REA Bulletin 50-6(D-806), "Specifications and Drawings for Underground Electric Distribution." The revised bulletin will provide borrowers with improved methods for constructing underground distribution facilities. It will also provide construction assembly drawings for insulating jacketed cable, which is now required.

REA continues to contribute to standards of the American National Electrical Safety Code required in construction of new lines and substations. REA also works with the American Wood Preservers' Association, the Institute of Electrical and Electronics Engineers, and the American Society for Testing and Materials in developing national standards. Many of the standards are incorporated in REA publications.

Corrosion

Because of environmental concerns about the use of overhead facilities, utilities are installing more cable underground. However, early failures and excessive maintenance costs are causing concern throughout the rural electric industry. At the end of fiscal year 1989, rural electric cooperatives were operating more than 140,000 miles of underground distribution facilities. REA has been active in the Appalachian Underground Corrosion Short Course at West Virginia University. The agency is considering a listing of specialized materials in corrosion control.

The REA Telephone Loan Program

More than 5 million subscribers were receiving telephone service from REA-financed systems as of December 31, 1988. Over 94 percent of the subscribers had one-party service, an increase of .9 percent in the last year. The trend toward single-party service is expected to continue. Average long-distance and access charge revenues per subscriber increased from \$446.67 in 1987 to \$456 in 1988, while the average local service revenue per subscriber decreased from \$189.98 to \$182.68 in the same period.

Percent of Subscribers by Grade of Service

Service	1984	1985	1986	1987	1988
1-party	88.3%	90.1%	91.8%	93.2%	94.1%
2-party	1.6	1.3	1.1	0.9	0.8
4- and 5-party	9.5	8.2	6.8	5.7	5.0
8-party (or more)	0.6	0.4	0.3	0.2	0.1

About 96 percent of the Nation's farms had telephone service in 1988. In keeping with subscriber demand, REA recommends four-party flat-rate service as the minimum standard. However, increasing customer demand exists for one-party service.

Loans

In fiscal year 1989, \$214 million in REA insured loans and \$177 million in Rural Telephone Bank (RTB) loans were approved (see page 12). Included were three loans to first-time borrowers (see page 13).

First-Time Service

A total of 92,309 subscribers of REA borrowers received telephone service for the first time during fiscal year 1989. Some of them, living in remote, sparsely inhabited areas, were unable to be served by conventional telecommunications links. Service was provided by rural radio connections, sometimes for one-fourth the cost of conventional telephone service.

Rescissions

During fiscal year 1989, 40 rescissions were made of loans prepared in prior years. They included 11 REA loans totaling \$5.1 million and 29 RTB loans totaling \$58.8 million. In addition, two FFB-funded commitments for \$33.5 million were terminated. Total rescissions and terminations were \$97.4 million.

Advances and Construction

Since the inception of the program, borrowers had received total advances of \$7,146,925,543 through September 30, 1989. Approved REA loans, RTB loans, and FFB-funded commitments provided for construction and improvement of 984,607 miles of line and new or improved dial service to 5,842,511 subscribers. Loan advances and progress in construction during fiscal year 1989 is shown on page 13.

**Telephone Loans by State
Fiscal Year 1989**

States	REA Loans		Rural Telephone Bank Loans	
	No.	Amount	No.	Amount
Alabama	4	\$ 21,712,000	1	\$ 87,150
Arizona	1	3,085,000	1	14,716,800
Arkansas	1	4,000,000	1	1,155,000
California			2	9,955,050
Colorado	1	373,000		
Georgia	1	2,586,000		
Idaho	2	1,759,000		
Illinois	1	1,636,000	1	1,803,900
Indiana	1	880,000		
Iowa	4	3,475,000	3	1,252,650
Kansas	4	3,657,000	1	1,648,500
Kentucky			2	7,964,250
Louisiana	2	5,886,000		
Maine	1	385,000	1	244,650
Maryland			1	1,753,500
Michigan	2	6,657,000	1	20,260,800
Minnesota	7	13,481,000	4	6,053,250
Mississippi	1	613,000		
Missouri	3	22,392,000		
Nebraska	1	4,485,000		
New Hampshire	2	3,180,000	1	1,892,100
New Mexico	1	4,625,000		
New York	1	869,000		
North Carolina	2	5,739,000		
Ohio			1	507,150
Oklahoma	3	6,469,000	1	9,286,200
Pennsylvania	2	4,010,000	1	89,995,500
South Dakota	3	5,433,000		
Texas	3	11,144,000		
Virginia	1	4,729,000		
Washington	1	1,111,000	1	262,500
West Virginia	1	120,000		
Wisconsin	3	3,444,000	4	8,205,750
Virgin Islands	1	66,214,000		
Totals	61	<u>\$214,149,000</u>	28	<u>\$177,044,700</u>

First-Time Telephone Borrowers: Fiscal Year 1989

Borrower	REA Amount	RTB Amount	State
Chichester Telephone Company	\$1,749,000		New Hampshire
Rico Telephone Company	373,000		Colorado
Winterhaven Telephone Company		\$2,956,800	California

Annual Telephone Loan Advances and Construction Progress

	Fiscal Year 1989
Advances:	
REA insured	\$167,157,699
RTB	97,046,947
FFB-funded	2,187,000
Route miles of line constructed or improved (estimated net)	7,515
Subscribers receiving new or improved service (estimated net)	118,770

Cumulative Repayments: Telephone Loans

	Fiscal Year 1989
Payments:	
Principal (including payments ahead of schedule)	\$1,699,481,260
Interest	1,402,144,284
Ahead of schedule	44,030,636
Overdue more than 30 days	0

Telephone Advances: Cumulative Figures

Date	REA Loan Funds Advanced*	Telephone Bank Loan Funds Advanced	FFB Loan Funds Advanced	Construction Completed**	
				Route Miles of Line	Subscribers
1950-63	\$ 792,465,840	***	****	414,271	1,523,406
1964	876,695,138			431,475	1,626,590
1965	957,487,449			460,141	1,726,359
1966	1,039,691,323			482,005	1,825,861
1967	1,142,941,570			499,179	1,944,334
1968	1,242,998,913			533,559	2,067,025
1969	1,348,878,422			554,190	2,184,575
1970	1,484,279,069			547,322	2,334,511
1971	1,621,729,749			568,051	2,428,868
1972	1,754,097,487	\$ 587,923		583,922	2,574,814
1973	1,876,472,536	45,642,259		603,747	2,725,030
1974	1,998,530,418	144,350,892		627,483	2,919,113
1975	2,141,897,321	274,228,758	\$ 5,528,683	652,884	3,045,292
1976	2,284,760,323	387,163,911	45,588,544	683,648	3,283,223
1977	2,492,089,204	486,044,526	95,045,815	726,271	3,599,069
1978	2,637,142,419	628,341,716	138,360,625	748,361	3,877,060
1979	2,835,240,540	758,881,783	184,760,170	771,951	4,072,709
1980	3,074,345,739	958,826,018	246,829,859	797,944	4,262,359
1981	3,355,041,322	1,107,425,390	283,524,456	804,982	4,374,005
1982	3,593,616,042	1,219,657,517	348,210,000	830,948	4,545,576
1983	3,775,526,906	1,313,060,353	379,459,740	846,989	4,628,778
1984	3,963,360,749	1,403,510,902	422,929,740	868,333	4,746,909
1985	4,099,287,554	1,476,186,159	443,832,740	871,643	4,792,145
1986	4,328,619,093	1,547,946,679	470,162,740	868,923	4,832,686
1987	4,489,982,114	1,599,975,401	492,525,960	877,218	5,004,558
1988	4,665,272,952	1,719,409,984	495,850,960	895,553	5,096,867
1989	4,832,430,651	1,816,456,931	498,037,960	0	0

*Includes direct loans prior to 1973 and insured since that date.

**Excludes borrowers whose direct loans and FFB-funded loans are less than 20 percent of total assets.

***The Rural Telephone Bank began making loans in the last quarter of calendar year 1972.

****The FFB started funding loans in 1975.

Financial Development of Telephone Borrowers

Operating revenue reported by telephone borrowers in calendar year 1988 was about \$3.6 billion, an increase of \$258.9 million compared to a year earlier. Access charges and toll service revenues amounted to 65 percent of the total, or slightly more than \$2.3 billion. Toll service revenues increased, as they have during the past few years, because of improved toll settlement contracts, increased ownership of toll lines by borrowers, and upgraded service to subscribers.

Borrower Net Worth

Borrowers' net worth increased by \$306 million during 1988 and represents 35.4 percent of total assets. Net worth has increased 203 percent during the last 10 years, and the ratio of net worth to assets has improved from 24.7 percent to 35.4 percent.

**Financial
Improvements**

Net Worth of Telephone Borrowers

Year	Borrowers Reporting	Net Worth (in 000's)	% Over 1978	Avg. Net Worth (in 000's)	Net Worth % Assets
1978	902	\$1,252,867	0%	\$1,389	24.7%
1984	946	2,585,408	106	2,733	28.5
1985	942	2,853,771	128	3,029	30.1
1986	935	3,108,226	148	3,324	31.4
1987	920	3,494,074	179	3,798	33.4
1988	913	3,799,730	203	4,162	35.4

The value of borrowers' telephone plants has increased more than \$1.8 billion since 1984. In addition, operating revenues have increased as follows:

Operating Revenues of Telephone Borrowers

Year	Amount
1984	\$2.9 billion
1985	\$3.1 billion
1986	\$3.2 billion
1987	\$3.3 billion
1988	\$3.6 billion

Net income has risen substantially since 1984, increasing more than 24.4 percent.

Net Income of Telephone Borrowers

Year	Amount
1984	\$446 million
1985	\$488 million
1986	\$503 million
1987	\$570 million
1988	\$555 million*

The ratio of cash, working funds, and other current assets to current liabilities increased slightly from 1984 to 1988 as follows:

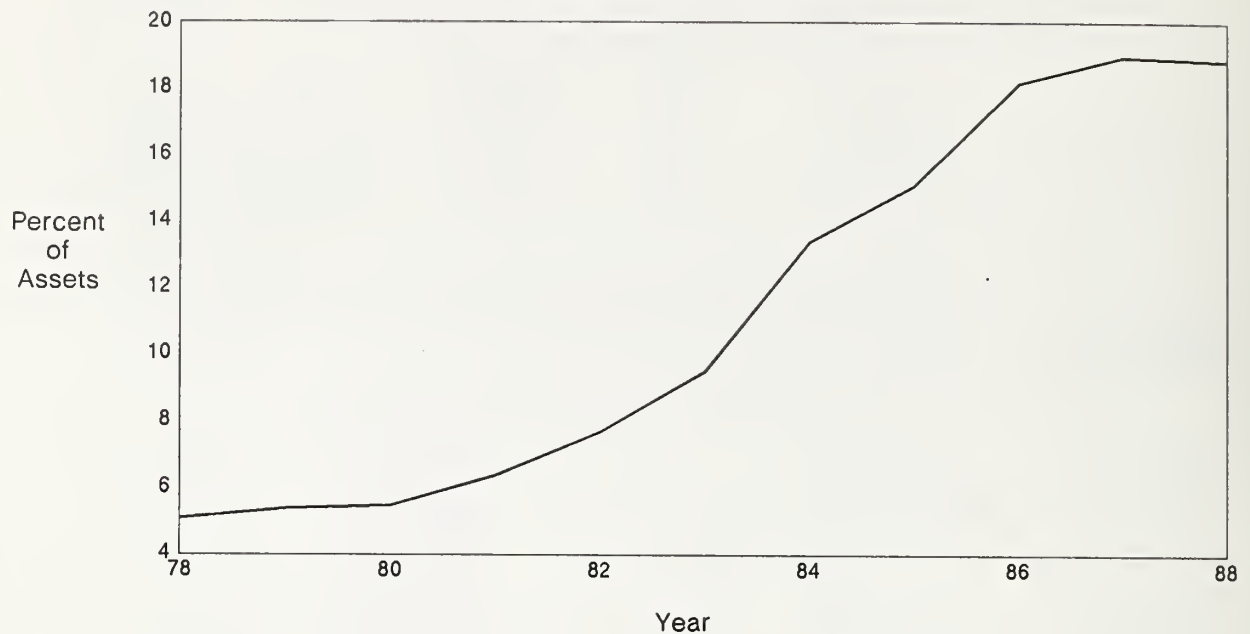
Ratio of Current Assets to Current Liabilities of Telephone Borrowers

Year	Amount
1984	2.55
1985	2.85
1986	3.64
1987	3.59
1988	2.59**

*Due to changes in the Federal Communications Commission's Uniform System of Accounts from 1987 to 1988, a direct comparison of net income may not be valid.

**Beginning in 1988, current liabilities included current maturities.

Figure 3. Composite General Funds Level as Percentage of Total Assets:
REA Telephone Borrowers



Management Assistance

REA provides assistance to its borrowers in such areas as loans, management, and revenue requirements to make the most efficient use of loan funds. Reviews of borrowers' operations are conducted on a regular basis to assure that REA loans are secure.

Many telephone borrowers are diversifying into other telecommunication areas. Industry changes are causing borrowers to explore the long-distance telecommunications market through resale operations, access service, and construction of facilities.

Other areas of diversification include cable television, satellite television receive-only earth stations, and wholesaling or retailing of cellular mobile radio and electronic equipment.

REA and the Federal Communications Commission are jointly monitoring the effects of Federal decisions on rural telephone companies and subscribers.

Codification of Telephone Regulations

REA is rewriting and publishing its telephone regulations in the Federal Register. Through this process, outdated or conflicting program policies and requirements found in several REA bulletins, staff instructions, and telecommunications, engineering, construction, and operations manuals are being revised, updated, and codified.

Telecommunications Engineering and Standards

Technological growth continues at an accelerated pace within the telecommunications industry, including the trend towards deregulation. Agency efforts are being directed toward basic cost-effective telecommunications services in rural America.

REA continues to work with manufacturers, consulting engineers, and borrowers on innovative techniques for economical rural telephone service. One technique is the wireless loop concept where subscribers are served by radio. It is known as BETRS, Basic Exchange Telecommunications Radio Service.

The use of optical fiber lightwave transmission systems continues to increase. Lightwave systems have become an economical alternative to traditional wire communications systems in urban and rural areas.

During fiscal year 1989, REA published new guidelines and updated existing ones for digital transmission systems. Use of digital systems by REA borrowers continues to grow.

REA continues to work closely with several Federal agencies and industry groups to improve rural telecommunications. For example, it is working with the National Aeronautics and Space Administration on the land mobile satellite program, the National Telecommunications and Information Administration to determine national telecommunications needs, the Federal Communications Commission on rulemaking, and the Exchange Carriers Standard Association for telecommunications standards.

Rural Telephone Bank

Retained earnings and patronage capital at the end of fiscal year 1989 totaled \$51.5 million. During 1989, interest income was \$129.7 million. Expenses amounted to \$77.7 million, leaving net income of \$52.1 million. A return of \$10.6 million was paid to the U.S. Treasury, leaving a balance, known as patronage capital, of \$41.5 million.

Sale of Stock

The Government purchased \$28.7 million of class A stock for the Rural Telephone Bank during fiscal year 1989, bringing the cumulative total of class A stock purchases to \$534.7 million. Bank borrowers purchased \$3.2 million in class B stock, bringing the cumulative total to \$97.2 million. Cumulative class C stock amounted to \$9.4 million.

Cable Television

The Rural Communication Development Fund, established pursuant to the Secretary of Agriculture's memorandum of May 22, 1979, transferred certain financing authorities under the Consolidated Farm and Rural Development Act to REA for community antenna television services in rural areas. REA now administers only those loans made prior to 1981. Through fiscal year 1989, net cumulative insured or direct loans of \$21.1 million and \$11.1 million in guaranteed commitments were outstanding. Principal outstanding was \$17.8 million.

Rural Telephone Bank Stock
(rounded to thousands)

Date	Class A Stock		Class B Stock		Class C Stock	
	Cumulative Amount	Annual Dividend	Cumulative Amount	Patronage Refund	Cumulative Amount	Annual Dividend
6/30/72	\$ 30,000	\$ 1	\$ 133	\$ 0	\$ 460	\$ 0
6/30/73	60,000	369	5,600	0	525	0
6/30/74	90,000	1,520	11,292	115	533	21
6/30/75	120,000	2,318	20,639	546	545	27
6/30/76	150,000	2,914	25,022	1,293	546	27
9/30/76	157,500	791	25,718	2,147	546	34
9/30/77	187,500	3,647	30,666	0	546	0
9/30/78	217,500	4,260	39,290	2,948	547	33
9/30/79	247,500	4,874	45,739	3,677	548	33
9/30/80	277,500	5,502	57,867	4,572	548	36
9/30/81	300,000	5,951	64,090	5,681	1,377	38
9/30/82	330,000	6,448	68,957	6,938	1,448	96
9/30/83	360,000	6,857	72,464	6,403	1,620	101
9/30/84	390,000	7,441	77,704	8,805	1,730	113
9/30/85	420,000	7,966	80,648	10,628	1,730	138
9/30/86	448,530	8,582	83,423	13,092	1,730	147
9/30/87	477,240	9,399	86,791	11,295	2,949	251
9/30/88	505,950	9,873	93,557	26,811 ^a	6,787	577
9/30/89	534,660	10,555	97,152	139,283 ^a	9,362	657
Totals		<u>\$99,268</u>		<u>\$244,234</u>		<u>\$2,329</u>

^aIncludes \$98,267,901 in previously undistributed refunds from 1972-87, \$10,000,000 from 1988 and \$31,014,921 from 1989.

Administration of the REA Programs

REA Operating Costs

Agency salaries and expenses increased from \$29.3 million in fiscal year 1988 to \$30.7 million in fiscal year 1989. The major increases were payroll costs and benefits for employees, the purchase of power supply planning software, computer terminals for headquarters staff, and a contract to plan a redesign of the loan accounting system. At the close of fiscal year 1989, the number of full-time employees was 534, an increase of 8 compared to the same period a year earlier.

Pages 21-23 reflect REA's financial condition, income and expense, and long-term notes payable.

Collection of Loans

REA's cumulative collection of principal and interest on its insured loans amounted to \$17 billion on September 30, 1989. The status of delinquencies was as follows:

- Electric borrowers, \$16 million.
- REA telephone borrowers, \$175,600.
- Rural Telephone Bank borrowers, \$778,400.
- Rural Communication Development Fund borrowers, \$1.1 million.
- FFB-funded electric borrowers, \$411.9 million.

In addition, delinquencies for FFB-funded loans amounted to \$625.3 million on September 30, 1989.

Accounting

REA completed 700 loan fund reviews of borrowers' records in fiscal year 1989. It was found in 169 of the reviews that about \$84.5 million in loan funds had been spent improperly and, as a result, was disallowed as REA loan fund expenditures.

A Certified Public Accountant peer review program was instituted in January 1988. It requires that CPA firms auditing REA borrowers belong to an approved peer review program and that reviews be conducted at least every 3 years. To date, 65 percent of the CPA's and CPA firms auditing REA borrowers have undergone a peer review, and 96 percent of them have received a clean opinion.

REA is the first Federal agency to require CPA's to belong to a peer review program. The program permits REA to place a higher degree of reliance on financial information submitted by borrowers.

Civil Rights

REA continued to make progress in the recruitment and promotion of minorities and females in fiscal year 1989. Of 29 individuals hired during the year for professional and administrative positions, 45 percent were minorities and/or females. In addition, of 11 promotions to supervisory and management positions, grades 13 and above, 50 percent were females. REA also made gains in employment of handicapped individuals.

In fiscal year 1989 REA continued to promote the support of minority business enterprises by borrowers, and to assist them in developing training and employment opportunities for minorities and women. It continued efforts to broaden outreach toward minority organizations and institutions. The agency worked with USDA to strengthen and expand the Department's activities with black colleges and universities.

REA processed and analyzed civil rights compliance and participation reports submitted by 881 electric borrowers and 938 telephone borrowers in fiscal year 1989. In addition, the civil rights staff completed 93 modified civil rights compliance reviews of borrower activities in the field. Also, general field representatives conducted 217 preaward and 514 postaward reviews.

Also, REA promoted participation by borrowers in the REA Civil Rights Development Program. This voluntary initiative provides the means for REA borrowers not only to comply with Title VI and related civil rights requirements but also to strengthen borrowers' equal opportunity posture. At the end of fiscal year 1989, 369 electric borrowers and 187 telephone borrowers had adopted the program, an increase of 97 borrowers over the previous year.

Statement of Financial Condition
As of September 30, 1988, and September 30, 1989
(Dollars in thousands)

Assets		
	Fiscal Year 1988 ^a	Fiscal Year 1989
Loans and Interest Receivable:		
Loans ^{b,c}	\$34,353,992	\$35,129,234
Interest Accumulated	6,250	4,475
Interest Current ^d	95,740	500,233
Accounts Receivable, REA Borrowers'		
Guaranteed Loan Installment Payments	416,664	557,789
	<u>\$34,872,646</u>	<u>\$36,191,731</u>
Less: Allowance for Possible Losses	1,781,737	2,059,366
Net Loans and Interest Receivable	<u>\$33,090,909</u>	<u>\$34,132,365</u>
Investment in Rural Telephone Bank	505,950	534,660
Cash on Deposit with U.S. Treasury	1,554	2,523
Miscellaneous Receivables and Assets	36,451	41
Total Assets	<u>\$33,634,864</u>	<u>\$34,669,589</u>
Liabilities and Government Equity		
Liabilities:		
Accrual for Probable Losses		
on Guaranteed Loans	\$ 366,419	\$ 366,419
Accounts Payable and Other Accrued		
Liabilities	6,632	434,943
Loans Payable (Bank for Cooperatives)	568,778	846,987
Certificates of Beneficial Ownership	4,139,207	4,182,707
Loans Payable to U.S. Treasury ^e	27,069,626	27,139,263
Total Liabilities ^f	<u>\$32,150,662</u>	<u>\$32,970,319</u>
Government Equity, Net:		
Net Appropriations		
Capitalization of Rural Telephone Bank	505,950	534,660
Loan Funds	142,620	142,620
Reimbursement for Loan Operation Losses	860,901	1,201,901
Net Difference between Income and Expense ^a	(25,673)	(181,342)
Rural Economic Development Subaccount Capital	404	1,431
Total Government Equity	<u>\$ 1,484,202</u>	<u>\$ 1,699,270</u>
Total Liabilities and Government		
Equity	<u>\$33,634,864</u>	<u>\$34,669,589</u>

^aFigures restated to reflect FFB-funded loans, show effect of an adjustment to the allowances for losses, and net difference between income and expense per an audit finding.

^bNet of advance payments and cushion of credit payments by borrowers.

^cNot including unadvanced loan commitments.

^dIncluding interest on defaulted insured loans and guaranteed loan installment payments receivable.

^eUnder section 302 of the Rural Electrification Act, \$7.9 billion of these loans accrued no interest.

^fDoes not include contingent liability of the REA guaranteed program.

Statement of REA Income and Expense
Fiscal Years 1988-89 and Cumulative Since Program Started
(Dollars in thousands)

Lending Operations			
	Fiscal Year 1988	Fiscal Year 1989	Cumulative ^a
Interest Income:			
Loans	\$ 2,348,102	\$2,332,013	\$10,750,498
Cash in U.S. Treasury	19,843	20,506	40,926
Total Interest Income	<u>\$ 2,367,945</u>	<u>\$2,352,519</u>	<u>\$10,791,424</u>
Expenses:			
Interest Expense ^b	\$ 2,285,276	\$2,227,262	\$ 8,243,918
Provision for Possible			
Losses on Loans	891,209 ^c	277,629	2,425,785
Consultant Fees	167	371	942
Cushion of Credit Funding	404	1,027	1,431
Extraordinary Items, Discount on Principal and Interest	(268)	1,898	300,646
Losses on Foreclosed Loans	<u>0</u>	<u>0</u>	<u>44</u>
Total Expenses	<u>\$ 3,176,788</u>	<u>\$2,508,187</u>	<u>\$10,972,766</u>
Net Income (Loss)	<u>\$ (808,843)</u>	<u>\$ (155,668)</u>	<u>\$ (181,342)</u>

Administrative Operations

Net Salaries and Expenses			
Provided through			
Appropriations	\$ 26,538	\$ 29,998	\$ 707,160

^aIncludes FFB Loans for fiscal years 1988-89.

^bCost of interest on REA debt resulting from program levels set by Congress. Interest was charged from inception to June 30, 1972, at statutory rates on outstanding loans to the Administrator from the Secretary of the Treasury for electrification and telephone purposes as required by section 3(a) of the Rural Electrification Act. Effective June 30, 1972, no interest was due on outstanding loans made pursuant to that section. The interest rate on advances made under Section 304(a) since June 30, 1972, is established on a monthly basis as set forth in the law. The interest rate on CBO's is determined at the time of purchase by the Secretary of the Treasury pursuant to Section 6(b) of the FFB Act of 1973.

^cReflects a change made subsequent to the end of the year.

Long-Term Notes Payable

No.	Date	Maturity	Face Amount	Advances	Interest	Repayments	Unpaid Balance
1-30	Paid in full		\$2,741,236,718	\$2,741,236,718	2 1/8 %	\$2,741,236,718	\$ 0
31	08-14-53	06-30-93	202,500,000	202,500,000	2 1/8	121,087,701	81,412,299
32	05-21-54	12-31-93	38,000,000	38,000,000	2 1/8	0	38,000,000
33	07-12-54	06-30-94	210,000,000	210,000,000	2	0	210,000,000
34	05-19-55	12-31-94	35,000,000	35,000,000	2	0	35,000,000
35	07-06-55	06-30-95	235,000,000	235,000,000	2	0	235,000,000
36	07-17-56	06-30-96	269,000,000	269,000,000	2 3/8	0	269,000,000
37	04-04-57	12-31-96	25,000,000	25,000,000	2 3/8	0	25,000,000
38	04-23-57	12-31-96	200,000,000	200,000,000	2 3/8	0	200,000,000
39	08-21-57	06-30-97	209,000,000	209,000,000	2 5/8	0	209,000,000
40	03-06-58	12-31-97	10,000,000	10,000,000	2 5/8	0	10,000,000
41	07-08-58	06-30-98	384,500,000	384,500,000	2 1/2	0	384,500,000
42	01-27-59	12-31-98	25,000,000	25,000,000	2 1/2	0	25,000,000
43	07-16-59	06-30-99	215,000,000	215,000,000	2 7/8	0	215,000,000
44	01-15-60	12-31-99	25,000,000	25,000,000	2 7/8	0	25,000,000
45	07-05-60	06-30-00	190,000,000	190,000,000	3 3/8	0	190,000,000
46	01-11-61	12-31-00	30,000,000	30,000,000	3 3/8	0	30,000,000
47	03-14-61	12-31-00	30,000,000	30,000,000	3 3/8	0	30,000,000
48	05-10-61	12-31-00	60,000,000	60,000,000	3 3/8	0	60,000,000
49	09-07-61	06-30-01	307,500,000	307,500,000	3	0	307,500,000
50	05-01-62	12-31-01	70,000,000	70,000,000	3	0	70,000,000
51	02-07-63	12-31-02	380,000,000	380,000,000	3 1/4	0	380,000,000
52	06-10-63	12-31-02	25,000,000	25,000,000	3 1/4	0	25,000,000
53	03-03-64	12-31-03	345,000,000	345,000,000	3 3/8	0	345,000,000
54	09-18-64	06-30-04	338,000,000	338,000,000	3 5/8	0	338,000,000
55	05-18-65	12-31-04	97,000,000	97,000,000	3 5/8	0	97,000,000
56	11-23-65	06-30-05	387,000,000	387,000,000	3 3/4	0	387,000,000
57	05-25-66	12-31-05	15,000,000	15,000,000	3 3/4	0	15,000,000
58	06-29-66	12-31-05	51,529,769	51,529,769	3 3/4	0	51,529,769
59	01-16-67	12-31-06	447,000,000	447,000,000	4 1/8	0	447,000,000
60	06-28-67	12-31-06	15,000,000	15,000,000	4 1/8	0	15,000,000
61	02-15-68	12-31-07	434,600,000	434,600,000	4 1/8	0	434,600,000
62	10-09-68	06-30-08	449,000,000	449,000,000	4 3/4	0	449,000,000
63	12-17-69	06-30-09	463,300,000	463,300,000	5 1/8	0	463,300,000
64	02-03-71	12-31-10	465,800,000	465,800,000	5 7/8	0	465,800,000
65	09-21-71	06-30-11	644,100,000	644,100,000	5 1/8	0	644,100,000
66	03-19-73	12-31-12	201,896,605	201,896,605	5	0	201,896,605
67	05-03-74	12-31-13	594,000	594,000	7	0	594,000
*69	11-18-76	12-31-16	455,509,395	455,509,395	6 1/4	0	455,509,395
Total			<u>\$10,727,066,487</u>	<u>\$10,727,066,487</u>		<u>\$2,862,324,419</u>	<u>\$7,864,742,068</u>

*No. 68 was a short-term note dated 3/31/76, which has been repaid and is excluded from this table.

The Rural Electrification and Telephone Revolving Fund

The Rural Electrification Act was amended in 1973 to create the Rural Electrification and Telephone Revolving Fund, located in the Department of the Treasury. When it was established, the fund had assets of \$7.7 billion. They included outstanding notes from rural utility systems payable to REA, funds REA had borrowed and approved for loans but not yet advanced, funds REA had collected since July 1, 1972, and \$60 million in class A stock certificates of the Rural Telephone Bank. All future collections of principal and interest on REA loans were to be placed in the fund.

The fund also had a debt of \$7.4 billion when it was created. It resulted from funds REA had borrowed since 1953 from the Treasury to advance loans to borrowers. All future interest on that debt was forgiven.

From 1973 through 1975, REA advanced loans from cash in the fund. Beginning in 1976, the fund lacked sufficient capital to cover REA loan amounts, so REA acquired funds by selling Certificates of Beneficial Ownership (CBO's) on the assets of the fund. Since then, REA has sold \$4.2 billion in CBO's on which the fund pays an average of 11 percent interest.

Sometime in the 1990's the fund's annual interest expense is expected to exceed its annual interest income. In addition, the fund's debt, which is \$7.9 billion, starts to come due in 1993.

**History: Rural Electrification and Telephone Revolving Fund Insured Program
(Dollars rounded to millions)**

	Receipts		REA (Net) Sale of CBO's to Treasury	Funds Spent		Percent of Interest Collections that Service REA Debt
	Principal	Interest		Borrowers	Treasury	
1973	\$191	\$133	\$ 0	\$ 577	\$ 0	0%
1974	228	144	0	802	0	0
1975	249	174	0	855	0	0
1976	330	252	354	1,024	11	4.4
1977	289	235	0	875	30	12.8
1978	312	268	284	881	37	13.8
1979	333	297	586	1,105	79	26.6
1980	357	337	689	1,207	144	42.7
1981	373	383	683	1,204	228	59.5
1982	392	426	528	1,048	317	74.4
1983	405	459	344	856	368	80.2
1984	426	479	69	780	396	82.7
1985	440	510	188	797	409	80.2
1986	439	536	517	961	437	81.5
1987	881*	558	0	752	464	83.2
1988	464	560	(102)	757	453	80.9
1989	473	577	44	880	452	70.3

*Includes \$428 million received as a result of a direct loan prepayment program.

Since the revolving fund was established, REA has paid out more in advances and interest each year than it has received in loan payments, except for 1987 when the prepayment program was authorized. The interest rate the agency pays to use the fund is in excess of the interest charged borrowers.

When Congress created the REA loan program, it did not provide an interest rate subsidy. Interest rates charged to borrowers fluctuated with the cost of money to the Government. In 1944, Congress established a fixed interest rate of 2 percent, which at that time was the approximate cost of money to the Government. In 1973, Congress established the revolving fund, setting the interest rate on insured loans at 5 percent and authorizing rates as low as 2 percent at the discretion of the Administrator. In addition, Congress also approved the sale of CBO's as a source of financing for the revolving fund. During the late 1970's and early 1980's, the gap widened between the cost of money to the Government and the interest rate charged borrowers on REA loans.

Outstanding Certificates of Beneficial Ownership (CBO's)
(As of September 30, 1989)

Sale Number	Sale Date	Amount (In thousands)	Interest Rate Percent	Maturity Date
1	3-31-76	\$ 166,374	8.205%	3-31-2006
2	9-30-76	187,260	8.100	9-30-2006
3	3-31-78	97,023	8.465	3-31-2008
4	9-30-78	187,000	8.785	9-30-2008
5	3-31-79	283,300	9.195	3-31-2009
6	9-30-79	302,225	9.425	9-30-2009
7	3-31-80	329,125	12.525	3-31-2010
8	9-30-80	360,000	12.055	9-30-2010
9	3-31-81	380,000	12.925	3-31-2011
10	9-30-81	303,000	15.325	9-30-2011
11	3-31-82	288,400	13.935	3-31-2012
12	9-30-82	240,000	11.915	9-30-2012
13	3-31-83	187,000	10.775	3-31-2013
14	9-30-83	156,800	11.605	9-30-2013
15	9-30-84	69,200	12.405	9-30-2014
17	9-30-85	187,600	10.625	9-30-2015
19	3-31-86	346,900	7.755	3-31-2016
30	9-30-89	111,500	8.303	12-29-1989
		<u>\$4,182,707</u>	<u>10.997¹</u>	

¹Composite rate on cumulative long-term debt outstanding.

Ledger: Rural Electrification and Telephone Revolving Fund
Fiscal Years 1973-89

Fiscal Year	Interest Receipts ^a	Interest Expenses Paid to Treasury			Net Revenues
		Interim Borrowings	CBO's (Net) ^a	Total	
1973	\$133,428,697	\$ 0	\$ 0	\$ 0	\$133,428,697
1974	144,243,751	0	0	0	144,243,751
1975	174,293,050	0	0	0	174,293,050
1976 ^b	252,321,548	4,569,307	6,844,193	11,413,501	240,908,047
1977	234,429,665	807,912	28,819,047	29,626,959	204,802,706
1978	268,089,987	3,955,240	32,936,796	36,892,036	231,197,951
1979	296,873,720	12,590,122	66,520,395	79,110,517	217,763,203
1980	336,900,666	15,545,671	128,605,588	144,151,259	192,749,407
1981	382,697,295	11,169,190	217,239,822	228,409,012	154,288,283
1982	425,826,718	8,210,459	308,314,114	316,524,573	109,302,145
1983	459,125,105	855,027	367,051,558	367,906,585	91,218,520
1984	479,165,007	268,534	395,295,221	395,563,755	83,601,252
1985	510,777,895	3,458,783	405,418,207	408,876,990	101,900,905
1986	535,997,736	648,825	437,318,205	437,967,030	98,030,706
1987	557,789,055	3,583,318	460,512,882	464,096,200	93,692,855
1988	560,489,705	45,928	453,327,618	453,373,546	107,116,159
1989	577,332,229	168,216	451,486,684	451,654,900	125,677,329

^aIncludes interest received by REA as trustee for holders of CBO's and paid to Treasury.

^bIncludes transition quarter.

**Interest Rate on REA Loans Vs. Cost of Money
to the Government**

Fiscal Year	REA Loans Rate*	Treasury Issues Rate**
1936	3.00 %	2.530 %
1937	2.77	2.525
1938	2.88	2.521
1939	2.73	2.525
1940	2.69	2.492
1941	2.46	2.413
1942	2.48	2.225
1943	2.57	1.822
1944	2.67	1.725
1945	2.00	1.718
1946	2.00	1.773
1947	2.00	1.871
1948	2.00	1.942
1949	2.00	2.001
1950	2.00	1.958
1951	2.00	1.981
1952	2.00	2.051
1953	2.00	2.207
1954	2.00	2.043
1955	2.00	2.079
1956	2.00	2.427
1957	2.00	2.707
1958	2.00	2.546
1959	2.00	2.891
1960	2.00	3.449
1961	2.00	3.063
1962	2.00	3.285
1963	2.00	3.425
1964	2.00	3.659
1965	2.00	3.800
1966	2.00	4.134
1967	2.00	4.165
1968	2.00	4.757
1969	2.00	5.232
1970	2.00	5.986
1971	2.00	5.210
1972	2.00	5.099
1973	3.72	6.129
1974	4.52	7.030
1975	4.42	6.533
1976	4.02	6.559
1977	3.88	6.481
1978	4.35	7.388
1979	4.27	8.592
1980	4.37	9.608
1981	4.38	12.435
1982	4.48	12.082
1983	4.90	10.850
1984	4.95	11.383
1985	4.99	10.383
1986	5.00	9.193
1987	4.96	8.695
1988	4.96	8.770
1989	4.98	9.043

*Weighted average for loans approved during the year.

**Source: Monthly statement of Public Debt, U.S. Department of the Treasury.

